Sick PSUs are referred under SICA to BIFR—a quasi-judicial body. Presently, 66 PSUs are under reference to BIFR. Since rehabilitation is undertaken after the BIFR sanctions a revival package, it is difficult to set a target.

VRS in PSUs

833. SHRI S. AGNIRAJ: Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether it is a fact that many Public Sector Undertakings are planning a VRS for its workers;

(b) if so, the details thereof;

(c) the basic guidelines followed for introducing VRS; and

(d) the total amount of outflow of services due to implementation of the VRS?

THE MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (DR. VALLABH BHAI RAMJI BHAI KATHIRIA): (a) to (d) Manpower rationalisation in PSUs through VRS depends on the extent of surplus manpower in CPSUs in relation to production activities of the enterprises. VRS is voluntary in nature based upon the option of individual employees and its acceptance by the management of the CPSUs. Such manpower rationalisation is a continuous process. As per available information during 2000-01, 35588 employees opted for VRS from Central PSUs and Rs. 1456 crores approx. were paid by way of VRS compensation. The basic guidelines followed for introducing VRS during this year is as per guidelines dated 5.5.2000 (copy enclosed as Statement).

Statement

Copy of guidelines followed for introducing VRS

No. 2(32)/97-DPE(WC) GL-XXII
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Public Enterprises Bhavan
Block No. 14, CGO Complex, Lodi Road
New Delhi-110003.

Dated the 5th May, 2000

OFFICE MEMORANDUM

Subject: Introduction of a revised Voluntary Retirement Scheme (VRS).

The Government had announced a Voluntary Retirement Scheme (VRS) vide OM No. 2(36)/86-BPE(WC) dated 5th October, 1988. Government have revised the scheme to make it more efficacious having regard to both, the interests of the employees and the need to enable Public Sector Enterprises (PSEs) to rationalize their surplus manpower.

2. Enterprises which are financially sound and can sustain a scheme of VRS on their own surplus resources may devise and implement variants of the existing VRS cited in para 1 above. However, in no case shall the compensation exceed 60 days salary for each completed year of service *or* the salary for the number of months service left, *whichever is less*. Salary for the purpose of VRS shall consist of basic pay and DA only and no other element.

3. Enterprises that make marginal profits or loss-making enterprises may adopt the revised scheme of VRS which is modelled on the Scheme that exists in the State of Gujarat. The details of the scheme are set out hereunder:

(i) The compensation will consist of salary of 35 days for every completed year of service and 25 days for the balance of

service left until superannuation. The compensation will be subject to a minimum of Rs. 25,000/-or 250 days salary whichever is higher. However, this compensation shall not exceed the sum of the salary that the employee would draw at the prevailing level for the balance of the period left before superannuation.

(ii) Salary for purpose of VRS will consist of basic pay and DA only.

(iii) Arrears of wages due to revision etc. will not be included in computing the eligible amount.

(iv) Payment of bonus should conform to the provisions in the Bonus Act; Casual Leave may be encashed in proportionate measure upto the date of VRS.

4. A suitable variant of the arrangement in para 3 above may be developed by the Ministry of Textiles in respect of Textiles units subject to the conditions attached thereto.

5. For sick and unviable units, the VSS package of Department of Heavy Industry will be adopted. As a corollary, the VSS scheme may be modelled on Gujarat pattern and be made applicable as in para 3 above. However, employees would have to opt for VSS within 3 months from the date of offer failing which they would be eligible only for retrenchement compensation. The details of VSS are as under:—

(i) An employee would be entitled to an *ex-gratia* payment equivalent to 45 days emoluments (pay + DA) for each completed year of service or the monthly emolument at the time of retirement multiplied by the balance months of service left before the normal data of retirement, whichever is less;

(ii) All those who have completed not less than 30 years of service, will be eligible for a maximum of 60 (sixty) months

salary/wage as compensation. This will be subject to the amount not exceeding the salary/wage for the balance period of service left (at the rate of monthly salary/wage at the time of voluntary retirement).

6. The compensation under VRS/VSS will be in addition to terminal benefits.

7. Employees of industrial cooperatives with Government equity participation and who are not members of the cooperative will also be covered under the VRS.

8. Budgetary support will be provided to the marginally profit or loss making enterprises and to the sick enterprises for implementing VRS only in case bank credit is not available. The funds would normally be made available at the beginning of the financial year. However, before seeking budgetary support in cases of unviable/sick PSUs other sources of funding should be fully explored such as asset securitisation and bank loans against Government guarantee for funding VRS/VSS.

9. VRS will be applicable to the permanent employees, badli workers, work charged established and temporary workers but not to the casual workers. There will be no recruitment against vacancies arising due to VRS.

10. It will be the responsibility of the concerned administrative Ministry to assist those opting for VRS in getting loans from banks for pursuing gainful self employment.

11. NRF in its present form will cease to exist. The funds required for retraining/rehabilitation of employees availing of VRS will be placed with the Department of Public Enterprises under arrangements to be evolved.

12. In implementing the VRS scheme, managements shall ensure that it is extended primarily to such employees whose services may be dispensed without detriment to the company. Care will be exercised to ensure that highly skilled and qualified workers and staff are not given the option. As there shall be no recruitment against vacancies arising due to VRS—it is important that the organisation is not

denuded of talent. The managements of the PSUs shall introduce the VRS with the approval of their Boards and the administrative Ministries.

13. The administrative Ministries/Departments are requested to bring the details of the Voluntary Retirement Scheme and the Voluntary Separation Scheme to the notice of the Public Enterprises under their administrative control and to ensure that PSEs implement the schemes strictly in accordance with the provision set out herein.

14. This O.M. supersedes O.M. No. 2(36)/86-BPE(WC) dated 5th October, 1988 and subsequent circulars issued on the subject.

Sd/-
(S. Talwar)
Joint Secretary to the Government of India

To

All Administrative Ministries/Departments of the Government of India.

Copy to:

1. Chief Executives of the Public Enterprises.
2. Secretary, SCOPE, CGO Complex, Lodi Road, New Delhi.
3. Comptroller & Auditor General of India, AGCR Building, Indraprastha Estate, New Delhi-110002.
4. All Financial Advisers in the Administrative Ministries.
5. Secretary, Department of Expenditure, North Block, New Delhi.
6. Secretary, Department of Disinvestment.
7. Special Secretary, Banking Division, Department of Economic Affairs, Jeevan Deep Building, New Delhi.
8. Secertary, PESB, CGO Complex, Lodi Road, New Delhi.

Financial Assistance to CCI

834. DR. Y. LAKSHMI PRASAD: Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the Government of Andhra Pradesh has urged Government to release an amount of Rs. 15 crores as seed money to the Cement Corporation of India for Tandur Cement Plant;

(b) if so, the details thereof;